STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY

FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

Performed as Special Assistant Auditors for
the Auditor General, State of Illinois

State of Illinois
Western Illinois University
Financial Audit
For the Year Ended June 30, 2015

Table of Contents

Related Report Issued Under a Separate Cover

Western Illinois University
Compliance Examination (In accordance with the Single Audit Act and OMB Circular A-133) for the Year Ended June 30, 2015

State of Illinois
Western Illinois University
Financial Audit
For the Year Ended June 30, 2015

University Officials

President	Dr. Jack Thomas
Provost and Academic Vice President	Dr. Kathleen Neumann, Interim (05/20/15 to Present) Dr. Kenneth Hawkinson (Through 05/19/15)
Vice President for Student Services	Dr. Gary Biller
Vice President for Administrative Services	Ms. Julie DeWees
Vice President for Advancement and Public Services	Mr. Brad Bainter
Vice President for Quad Cities and Planning	Dr. Joseph Rives
Director of Business and Financial Services	Mr. Matthew Bierman, Interim (09/01/14 to Present)
Director of Internal Auditing	Mr. Michael Sartorius (09/08/15 to Present) Vacant (07/01/15 to 09/07/15) Ms. Rita Moore (Through 06/30/15)

Board of Trustees (as of June 30, 2015)

Chair	Cathy E. Early, Macomb
Vice Chair	Roger D. Clawson, Moline
Secretary	Phil G. Hare, Rock Island
Member	Lynier R. Cole, Chicago
Member	William L. Epperly, Chicago
Member	Carolyn J. Ehlert Fuller, Milan
Member	Yvonne S. Savala, Moline
Student Member	Michael W. Quigley

University offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455-1390

Quad Cities Campus
3300 River Drive
Moline, Illinois 61265-5881

State of Illinois
Western Illinois University
Financial Audit
For the Year Ended June 30, 2015

Financial Statement Report

Summary

The audit of the accompanying financial statements of Western Illinois University (University) was performed by E. C. Ortiz and Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements.

Summary of Finding

The auditors identified a matter involving the University's internal control over financial reporting that they considered to be a significant deficiency. The significant deficiency is described in the accompanying Schedule of Finding on pages 53 through 55 of this report as item 2015-001, *Inadequate Controls Over Journal Entries.*

Exit Conference

The University waived having an exit conference in a letter dated November 25, 2015 from Dr. Jack Thomas, President.

The response to the recommendation was provided by Dr. Jack Thomas, President, in a letter dated November 25, 2015.

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Western Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and its aggregate discretely presented component unit, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, in Fiscal Year 2015, the University adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date–an amendment of GASB Statement No. 68*. In addition, as discussed in Note 20 to the financial statements, the University's financial statements have been restated as of July 1, 2014 due to adoption of GASB Statement Nos. 68 and 71 and for prior reporting errors pertaining to capitalized interest. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the University's 2014 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and aggregate discretely presented component unit of the University in our report dated December 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived. Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 12, Required Supplementary Information - Pension on page 49, and Notes to the Required Supplementary Information - Pension on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

E. C. Ortiz & Co., LLP

Chicago Illinois
December 18, 2015

State of Illinois
Western Illinois University
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015

This section of the Western Illinois University (University) annual financial report presents management's discussion and analysis (MD&A) of the financial performance of the University during the fiscal year ended June 30, 2015. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting change, current known facts, and future outlook. The financial statements, footnotes and this discussion are the responsibility of University management.

This MD&A focuses on the University. The University's component unit, Western Illinois University Foundation (Foundation), issues separate financial statements that may be obtained at the Foundation's administrative office as summarized in Note 1.

Using the Financial Report

The University's annual report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) which require that financial statements be presented on a consolidated basis to focus on the University as a whole.

The financial statements are prepared under the accrual basis of accounting. Assets and liabilities are categorized as current (due within one year) and noncurrent (due in greater than one year). Current year revenues and expenses are recognized when earned or incurred, regardless of when cash is exchanged. Revenues and expenses are reported as either operating or nonoperating. Significant recurring sources of the University's revenues, including State appropriations, gifts and investment income, are nonoperating as defined by GASB. Scholarship discounts and allowances applied to student accounts are shown as a reduction of tuition and fee revenue and auxiliary enterprise revenue. Stipends and other payments made directly to students are presented as student aid expenses. Depreciation is considered an operating expense and capital assets are reported at cost less accumulated depreciation.

<u>Financial Highlights</u>

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, and liabilities. The difference between total assets and deferred outflows of resources and total liabilities, net position, is one indicator of the financial condition of the University, while the change in net position that occurs over time indicates improvement or deterioration in the University's financial condition. Non-financial factors such as enrollment levels and the condition of facilities are relevant when assessing the overall health of the University. Net position is divided into three major categories, as follows: net investment in capital assets reflects the University's equity in capital assets; restricted net position are available for expenditure by the institution, but must be spent for purposes as determined by law, donors and/or external entities that have placed time or purpose restrictions on the use of the assets; and unrestricted net position are available to the University for any lawful purpose of the institution.

A comparative summary of the condensed Statement of Net Position for the years ended June 30, 2015 and 2014 is as follows. The information below includes certain prior-year partial comparative information, which has been derived from the University's 2014 financial statements. This information should be read in conjunction with Notes 19 and 20 in the notes to the basic financial statements which explains certain prior period adjustments.

Condensed Statement of Net Position

	2015	2014
Assets		
Current assets	$ 86,483,309	$ 84,485,888
Capital assets, net of accumulated depreciation	261,653,910	270,221,524
Other assets	2,136,771	2,184,072
Total assets	350,273,990	356,891,484
Deferred outflows of resources	821,013	547,510
Liabilities		
Current liabilities	34,784,411	35,697,988
Noncurrent liabilities	99,587,729	105,788,666
Total liabilities	134,372,140	141,486,654
Net position		
Net investment in capital assets	166,916,855	169,896,891
Restricted - Expendable	1,889,880	1,877,287
Unrestricted	47,916,128	44,178,162
Total net position	$ 216,722,863	$ 215,952,340

A review of the University's Statement of Net Position at June 30, 2015 shows that the University continues to build upon its strong financial foundation with assets and deferred outflows of resources of $351.1 million and liabilities of $134.4 million. Net position is the difference between total assets and deferred outflows of resources and total liabilities. After the restatement, net position increased by approximately $771 thousand or 0.4% over the previous year.

Total assets and deferred outflows of resources decreased $6.3 million or 1.8% during Fiscal Year 2015. Cash and cash equivalents increased $6.1 million as funds were available due to timing of State payments compared to the Fiscal Year 2014. Capital assets decreased $8.6 million due mostly to depreciation expense, and a decrease in capital assets construction over the prior fiscal year.

Total liabilities decreased $7.1 million or 5.0% during Fiscal Year 2015. Total long-term debt decreased due to scheduled debt payments and the refunding of the Series 2005 Revenue Bonds.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's changes in financial position. Revenues and expenses are classified as operating or nonoperating. A public University's dependency on State appropriations and gifts usually results in operating deficits because the GASB reporting standards classify these revenue sources as nonoperating.

A comparative summary of the condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015 and 2014 is as follows:

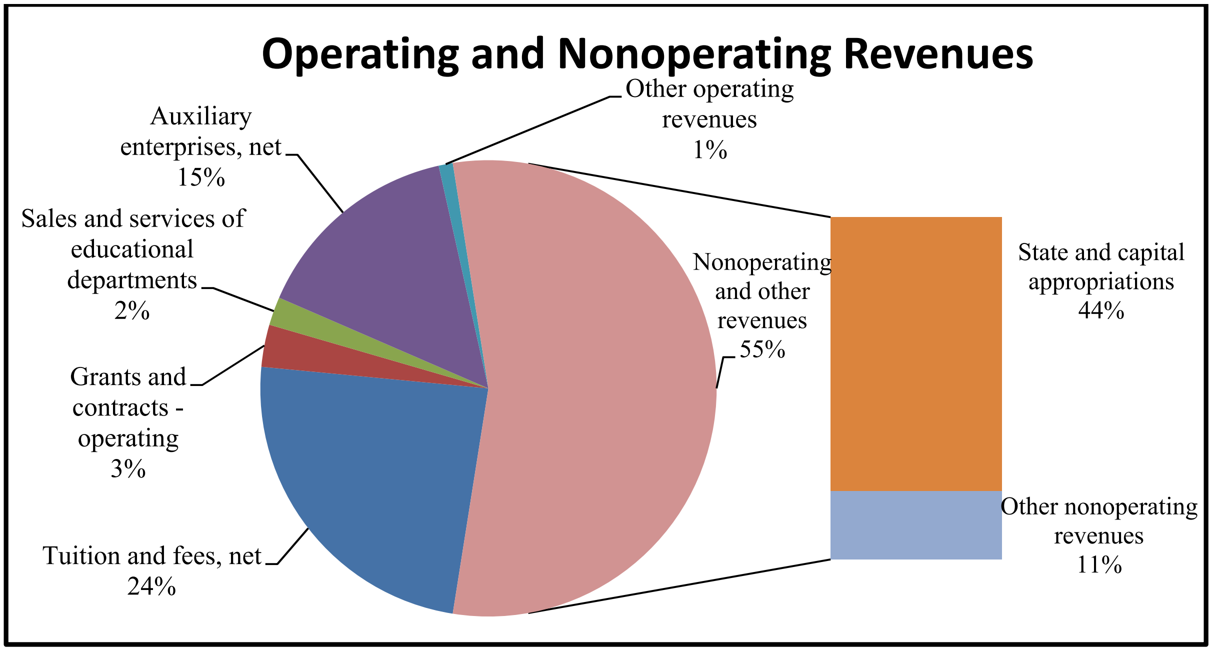
Condensed Statement of Revenues, Expenses and Changes in Net Position

	2015	2014
Total operating revenues	$ 142,149,667	$ 139,300,249
Total operating expenses	(309,223,143)	(300,255,906)
Operating loss	(167,073,476)	(160,955,657)
Nonoperating revenues	167,063,219	162,494,351
Nonoperating expenses	(4,522,528)	(4,915,927)
Loss before capital items	(4,532,785)	(3,377,233)
Capital State appropriations	7,799,444	26,367,549
Increase in net position	3,266,659	22,990,316
Net position, beginning of year, as previously reported	215,952,340	192,962,024
Prior period adjustments	(2,496,136)	–
Net position, beginning of year, as restated	213,456,204	192,962,024
Net position, end of year	$ 216,722,863	$ 215,952,340

Total revenues decreased $11.1 million or 3.4% to $317.0 million in 2015. Capital State appropriations decreased $18.6 million in funds from the Capital Development Board, as the University completed Phase II of construction on the University's Quad Cities campus.

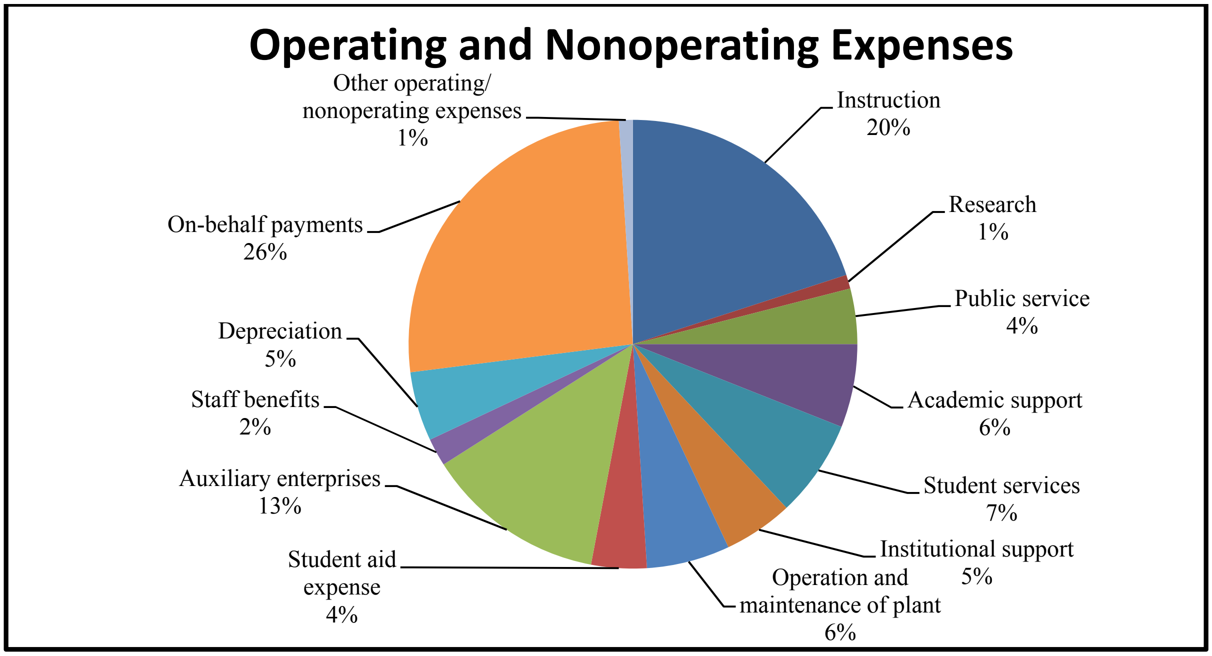
Total expenses increased $8.6 million or 2.8% to $313.7 million in 2015. Total operating expenses increased by $9.0 million in 2015 due to increase in on-behalf payments of approximately $4.2 million and increase in student aid expense of $3.2 million. Depreciation expense also increased by $1.9 million due to the completion of large construction projects in 2014.

For the fiscal year ended June 30, 2015, all sources of revenues totaled $317.0 million. The following is a graphical illustration of the University's revenues by source:



State of Illinois
Western Illinois University
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015

For the fiscal year ended June 30, 2015, expenses totaled $313.7 million. The following is a graphical illustration of the University's expenses:



Statement of Cash Flows

The Statement of Cash Flows presents information related to the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate future cash flows and meet obligations as they come due.

A comparative summary of the condensed Statement of Cash Flows for the years ended June 30, 2015 and 2014 is as follows:

Condensed Statement of Cash Flows

	2015	2014
Cash provided by (used in):		
Operating activities	$ (70,183,985)	$ (73,390,264)
Noncapital financing activities	92,968,557	85,908,047
Capital and related financing activities	(16,780,612)	(25,821,226)
Investing activities	144,469	136,223
Net increase (decrease) in cash and cash equivalents	6,148,429	(13,167,220)
Cash and cash equivalents, beginning of year	57,185,585	70,352,805
Cash and cash equivalents, end of year	$ 63,334,014	$ 57,185,585

Major sources of funds included in operating activities are student tuition and fees, grants and contracts and auxiliary enterprises. Payment for employee salaries and benefits, goods and services and scholarships and fellowships continue to comprise the major use of operating funds. Cash used in operating activities decreased $3.2 million.

Cash inflows from noncapital financing activities consist primarily of State appropriations, Monetary Award Program awards and Pell grant revenues. Cash provided by noncapital financing activities increased $7.1 million.

Several capital projects were completed in Fiscal Year 2014 contributing to an overall decrease of $9.0 million in cash used in capital and related financing activities.

Cash provided by investing activity remained consistent with the prior year.

Capital Assets and Debt Administration

The University had $516.1 million invested in capital assets at the end of Fiscal Year 2015. Capital assets net of accumulated depreciation totaled $261.7 million. Depreciation expense for the current year was $16.6 million.

Construction of three new buildings on the Quad Cities Riverfront campus and renovations to the University Union were completed during Fiscal Year 2015 totaling $29.6 million and $8.2 million, respectively. For the year ended June 30, 2015, construction in progress consisted of engineering and planning costs associated with a new performing arts center on the Macomb campus, with a balance of $4.6 million.

University's Economic Outlook

The ability of the University to fulfill its mission and execute its strategic plan is directly influenced by enrollment, State support and the cost of health care, utilities, employee compensation and benefits and State and federal mandates.

A crucial element to the University's future will continue to be our relationship with the State of Illinois, as we work to manage tuition to make it competitive while providing an outstanding college education for our students. There is a direct relationship between the growth or decline of State support, the impact of State regulations and the University's ability to control tuition growth. The trend of declining State support, the lack of capital investment, declining student assistance and the increase in regulations have and will continue to create more financial burden for our students through increased tuition and fees.

State of Illinois
Western Illinois University
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015

The State of Illinois has not adopted a complete Fiscal Year 2016 operating budget as of the date of this report, December 18, 2015. The University is part of the executive branch of government and operates under a budget approved by the State of Illinois, in which resources are appropriated for the use of the University. On-behalf payments and operating budget are the annual State appropriations provided by the State of Illinois to the University. Fiscal Year 2015 State appropriations' operating budget was $51.5 million. This is a decrease in appropriations of $1.3 million, or 2.5% from Fiscal Year 2014. Additionally, the appropriation for the Fiscal Year 2016 Monetary Assistance Program (MAP) has not yet been approved. The University has applied MAP funding to students accounts in anticipation of this appropriation. The expected MAP funds for Fiscal Year 2016 total $13.2 million.

The University projects tuition and miscellaneous revenues to remain level with Fiscal Year 2015. In March of 2015, the Board of Trustees passed a 2.0% increase in the tuition rate for new students, those enrolling for the first time in fall 2015. The University offers guaranteed tuition and fees, as well as guaranteed room and board rates for each new class of entering students. Because of an expected decline in enrollment, the tuition increase will not result in increase in overall tuition and miscellaneous revenues. The University's recommended income fund expenditure budget for Fiscal Year 2016 is $84.4 million.

The University's Auxiliary Enterprises funds budget for Fiscal Year 2016 as approved by the Board of Trustees reflects a level less than Fiscal Year 2015 of approximately $900 thousand. Other institutional funds include revenues from sponsored projects and departmental activity revenues. The 2016 budget for these funds as approved by the Board of Trustees reflects a $1.1 million decrease in spending over Fiscal Year 2015.

Private gifts are an important supplement to the University's sources of funding for operating costs. In Fiscal Year 2015, alumni, friends, staff, corporations, and other organizations contributed nearly $7.9 million to the Foundation in support of the University. These contributions include gifts and additions to permanent endowments. The Foundation distributed nearly $7.6 million in Fiscal Year 2015 to support academic enhancement and instructional initiatives, student scholarships, capital improvements, cultural activities, athletics, regional outreach efforts, and alumni and Foundation-sponsored programs at Western Illinois University.

The University is committed to pursuing its goal in developing the Quad Cities campus while strategically adding, and when appropriate, eliminating programs. Cost containment and revenue initiatives are challenges the University continues to encounter. Management has historically made the necessary decisions to ensure the strength of the University.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2015
(With Partial Financial Information as of June 30, 2014)

	University 2015	University 2014	Component Unit 2015	Component Unit 2014
ASSETS				
Current assets:				
Cash and cash equivalents	$ 63,207,905	57,010,613	$ 3,331,851	$ 3,541,526
Cash and cash equivalents, restricted	126,109	174,972	-	-
Investments	-	-	5,191,351	4,708,053
Accounts receivable, net	10,574,095	9,728,314	966,537	1,163,602
Student loans receivable, net	390,748	430,373	-	-
Due from component unit	174,954	128,403	-	-
Due from primary government	9,044,265	13,914,961	-	-
Inventories	2,899,045	2,978,433	6,162	2,839
Prepaid expenses	50,904	98,838	70,269	90,037
Other assets	15,284	20,981	-	-
Total current assets	86,483,309	84,485,888	9,566,170	9,506,057
Noncurrent assets:				
Investments	-	-	1,893,894	733,425
Endowment investments	-	-	6,095,173	5,983,850
Endowment investments, restricted	-	-	36,953,431	37,236,371
Charitable remainder trusts, restricted	-	-	4,895,478	4,060,421
Accounts receivable, net	-	-	538,942	564,405
Student loans receivable, net	1,335,080	1,344,740	82,309	79,912
Capital assets, net of accumulated depreciation	261,653,910	270,221,524	1,105,104	1,105,104
Other assets	801,691	839,332	515,445	703,531
Total noncurrent assets	263,790,681	272,405,596	52,079,776	50,467,019
TOTAL ASSETS	350,273,990	356,891,484	61,645,946	59,973,076
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on bond refundings	491,758	547,510	-	-
Pension	329,255	-	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	821,013	547,510	-	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,672,512	4,780,226	167,268	107,457
Accrued payroll	16,636,706	16,593,016	-	-
Due to primary government	110,034	126,933	174,954	128,403
Unearned revenue	5,183,253	4,847,622	324,767	399,102
Charitable remainder trust distributions payable	-	-	189,935	114,409
Other liabilities	1,165,283	1,534,187	45,896	44,940
Notes payable	145,175	128,835	-	-
Capital leases payable	9,275	-	-	-
Revenue bonds payable	4,377,649	4,200,133	-	-
Certificates of participation	1,666,177	1,615,562	-	-
Compensated absences	1,818,347	1,871,474	-	-
Total current liabilities	34,784,411	35,697,988	902,820	794,311
Noncurrent liabilities:				
Notes payable	147,521	263,951	-	-
Capital leases payable	11,982	-	-	
Revenue bonds payable	64,776,575	69,080,317	-	-
Certificates of participation	24,103,013	25,769,190	-	-
Other liabilities	150,000	-	269,268	267,174
Compensated absences	10,398,638	10,675,208	-	-
Total noncurrent liabilities	99,587,729	105,788,666	269,268	267,174
TOTAL LIABILITIES	134,372,140	141,486,654	1,172,088	1,061,485
NET POSITION				
Net investment in capital assets	166,916,855	169,896,891	1,105,104	1,105,104
Restricted - nonexpendable	-	-	27,260,609	25,737,410
Restricted - expendable				
Loans	1,834,116	1,877,287	-	-
Other	55,764	-	12,218,862	11,281,971
Unrestricted	47,916,128	44,178,162	19,889,283	20,787,106
TOTAL NET POSITION	$ 216,722,863	$ 215,952,340	$ 60,473,858	$ 58,911,591

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
(With Partial Financial Information for the Year Ended June 30, 2014)

	University		Component Unit	
	2015	2014	2015	2014
OPERATING REVENUES				
Tuition and fees, net	$ 75,644,261	70,658,513	$ -	$ -
Grants and contracts	10,684,439	10,649,936	-	-
Sales and services of educational departments	5,009,786	5,156,684	-	-
Auxiliary enterprises, net	46,132,136	48,008,630	-	-
Student loan activities	72,523	51,256	-	-
Other operating revenues	4,606,522	4,775,230	7,436,335	6,661,486
Total operating revenues	142,149,667	139,300,249	7,436,335	6,661,486
OPERATING EXPENSES				
Instruction	63,986,896	63,851,972	1,167,010	1,224,730
Research	3,496,122	3,575,944	158,235	106,933
Public service	10,990,006	10,478,375	1,129,495	1,157,037
Academic support	17,302,049	17,401,648	198,373	122,927
Student services	22,345,473	23,698,404	845,852	577,248
Institutional support	14,403,915	13,810,986	1,273,681	952,988
Operation and maintenance of plant	17,855,888	17,459,050	162,886	369,318
Student aid expense	12,255,127	9,007,606	2,677,398	2,601,568
Auxiliary enterprises	40,502,628	40,559,720	-	-
Staff benefits	7,661,259	8,281,208	-	-
Depreciation	16,573,123	14,700,384	-	-
On-behalf payments	81,503,276	77,330,961	-	-
Other operating expenses	347,381	99,648	-	-
Total operating expenses	309,223,143	300,255,906	7,612,930	7,112,749
OPERATING LOSS	(167,073,476)	(160,955,657)	(176,595)	(451,263)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	132,968,476	130,106,057	-	-
Gifts	923,695	642,295	-	-
Nonoperating grants	32,859,506	31,443,005	-	-
Gain/(loss) on disposal of capital assets	(8,638)	(8,076)	-	2,637,264
Investment income	144,469	136,223	94,411	4,855,408
Interest on capital asset - related debt	(4,513,890)	(4,907,851)	-	-
Change in value of charitable remainder trusts	-	-	(91,640)	212,213
Other nonoperating revenues	167,073	166,771	284,823	582,836
Net nonoperating revenues	162,540,691	157,578,424	287,594	8,287,721
INCOME (LOSS) BEFORE CAPITAL ITEMS	(4,532,785)	(3,377,233)	110,999	7,836,458
Capital State appropriations	7,799,444	26,367,549	-	-
Additions to permanent endowments	-	-	1,451,268	1,490,601
Total capital items	7,799,444	26,367,549	1,451,268	1,490,601
INCREASE IN NET POSITION	3,266,659	22,990,316	1,562,267	9,327,059
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	215,952,340	192,962,024	58,911,591	49,584,532
PRIOR PERIOD ADJUSTMENTS	(2,496,136)	-	-	-
NET POSITION, BEGINNING OF YEAR AS RESTATED	213,456,204	192,962,024	58,911,591	49,584,532
NET POSITION, END OF YEAR	$ 216,722,863	$ 215,952,340	$ 60,473,858	$ 58,911,591

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(With Partial Financial Information for the Year Ended June 30, 2014)

	University		Component Unit	
	2015	**2014**	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees, net	$ 75,347,115	$ 70,744,748	$ -	$ -
Grants and contracts	10,605,750	10,970,451	-	-
Gifts for other than capital and endowment purposes	-	-	6,278,246	4,462,499
Payments for employee salaries and benefits	(138,996,657)	(140,695,545)	-	-
Payments for goods and services	(60,162,058)	(63,570,580)	(5,248,345)	(3,831,370)
Payments to annuitants	-	-	(42,121)	(32,363)
Payments for scholarships and fellowships	(12,064,827)	(8,964,951)	(2,677,398)	(2,601,568)
Student loans issued	(614,252)	(403,845)	-	-
Student loans collected	567,231	455,307	-	-
Student loans interest and fees collected	72,523	72,992	-	-
Auxiliary enterprises charges	45,883,640	48,015,630	-	-
Sales and services of educational departments	4,421,028	5,210,299	-	-
Other receipts	4,756,522	4,775,230	949,750	1,007,959
Net cash used in operating activities	(70,183,985)	(73,390,264)	(739,868)	(994,843)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	56,789,201	53,334,121	-	-
Capital appropriations for operating expenses	2,641,532	648,860	-	-
Gifts	466,952	298,712	1,451,268	1,490,601
Nonoperating grants	32,859,506	31,443,005	-	-
Nonoperating revenues, net	211,366	183,349	268,371	309,400
Cash provided by noncapital financing activities	92,968,557	85,908,047	1,719,639	1,800,001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(6,412,586)	(15,476,943)	-	-
Proceeds from sale of land	-	-		5,637,264
Principal paid on capital debt	(5,762,890)	(5,504,649)	-	-
Interest paid on capital debt	(4,680,136)	(4,839,634)	-	-
Bond refunded	(4,088,410)	-	-	-
Proceeds from issuances of revenue bonds	4,190,000	-	-	-
Deferred loss from bond refunding	(26,590)	-	-	-
Net cash provided by (used in) capital and related financing activities	(16,780,612)	(25,821,226)	-	5,637,264
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	-	-	5,958,368	3,201,292
Earnings on investments	144,469	136,223	(1,273,840)	2,299,733
Purchase of investments	-	-	(5,873,974)	(11,964,390)
Net cash provided by (used in) investing activities	144,469	136,223	(1,189,446)	(6,463,365)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,148,429	(13,167,220)	(209,675)	(20,943)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	57,185,585	70,352,805	3,541,526	3,562,469
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 63,334,014	$ 57,185,585	$ 3,331,851	$ 3,541,526

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
WESTERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(With Partial Financial Information for the Year Ended June 30, 2014)

	University		Component Unit	
	2015	2014	2015	2014
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$ (167,073,476)	$ (160,955,657)	$ (176,595)	$ (451,263)
Adjustments to reconcile operating loss to net cash used in operating activities:				
On-behalf payments	81,503,276	77,330,961	-	-
Stock gifts in process	-	-	(207)	(46,670)
Charitable remainder trust assets donated	-	-	(926,697)	(1,110,712)
Depreciation	16,573,123	14,700,384	-	-
Amortization	20,142	20,981	-	-
Actuarial adjustment to annuities payable	-	-	3,050	11,782
Changes in assets and liabilities:				
Receivables, net	(1,338,237)	601,700	236,583	148,981
Student loans receivables, net	49,285	94,117	-	-
Inventories	79,388	(310,153)	(3,323)	58,246
Prepaid expenses and other assets	43,232	30,916	19,768	11,931
Pension	(23,296)	-	-	-
Accounts payable and accrued liabilities	109,231	(4,513,303)	59,811	26,632
Accrued payroll	43,690	279,151	-	-
Due to primary government, net	-	-	46,551	7,406
Charitable remainder trust distributions payable	-	-	75,526	70,074
Unearned revenue	335,631	-	-	-
Other liabilities	(176,277)	(113,257)	(74,335)	278,750
Compensated absences	(329,697)	(556,104)	-	-
Net cash used in operating activities	$ (70,183,985)	$ (73,390,264)	$ (739,868)	$ (994,843)
NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING ACTIVITIES				
On-behalf payments	$ 81,503,276	$ 77,330,961	$ -	$ -
Capital asset acquisition via capital appropriations	5,157,912	25,718,689	-	-
Capital asset acquisition via support from Foundation	456,743	343,583	-	-
Capitalized interest	-	223,654	-	-
Capital asset changes in accounts payable	1,242,926	801,327	-	-
Gifts in kind	-	-	559,640	519,623
Loss on disposal of capital assets	(8,638)	(8,076)	-	-

See accompanying notes to the basic financial statements.

State of Illinois
Western Illinois University
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Western Illinois University (University), a component unit of the State of Illinois (State), with a primary focus on instruction and an additional commitment to research and public service, has campuses located in Macomb and Moline, Illinois. The governing body of the University is the Board of Trustees of Western Illinois University (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its component unit, the Western Illinois University Foundation (Foundation). The Foundation is included in the University's reporting entity because of the significance of its financial relationship with the University. Complete financial statements for the Foundation may be obtained by contacting the WIU Foundation, 1 University Circle, Macomb, IL 61455-1390.

The Foundation is a University-related organization as defined under *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982 as amended in 1997. The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University.

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's comprehensive annual financial report.

B. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The University reports as a Business Type Activity. Business Type Activities are those financed in whole or in part by fees charged to external parties for goods and services.

The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

C. Prior-Year Information

The basic financial statements include certain prior-year partial comparative information. Such information does not include full comparative footnote disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2014, from which the partial information was derived. Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and net position, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

E. Cash Equivalents

The University considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2015, cash equivalents consisted primarily of money market and similar funds.

F. Investments

The University accounts for its investments at fair value as determined by quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position.

Illinois statutes and Board policy authorize the University to invest in certificates of deposit, The Illinois Funds, United States Government Securities, securities guaranteed by the full faith and credit of the United States government, and any other security permitted by law and approved by the Board.

G. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, amounts receivable from funding agencies for grants, amounts receivable from third parties and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable is presented net of estimated uncollectible amounts.

H. Bonds and Certificates of Participation Issue Costs

The insurance premium on the bonds and certificates of participation issue costs incurred on the revenue bonds and certificates of participation are being amortized over the life of the bonds/certificates of participation using the straight-line method. Total amortization for the year ended June 30, 2015 was $20,142.

I. Student Loans Receivable

The University makes loans to students under various federal and other loan programs. Such loans receivable is presented net of estimated uncollectible amounts.

J. Inventories

Inventories are carried at the lower of cost (determined by first-in, first-out or average cost method, depending on the nature of the inventory item) or market.

K. Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation. The University's capitalization policy for capital assets is as follows: equipment - $5,000 or greater; land or buildings - $100,000 or greater; and site or building improvements - $25,000 or greater. Intangible assets which are purchased are capitalized at $100,000 or greater. Internally-generated intangible assets which are primarily software are capitalized at $1,000,000 or greater. Renovations to buildings and land improvements that increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expenses in the year in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the class of assets. The following estimated useful lives are being used by the University:

Site improvements	25 years
Buildings	60 years
Building improvements	20 years
Computer equipment	3 years
Trucks greater than 1 ton	12 years
Capital lease equipment	Life of lease
All other equipment	7 years

University capital assets financed by the State of Illinois Capital Development Board (CDB) are recorded by the University as the funds are expended by the CDB.

L. Unearned Revenue

Unearned revenue represents unearned student tuition and fees and advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements.

M. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the Statement of Net Position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

N. Net Position

The University's net position is classified as follows:

Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted net position - nonexpendable - are required to be retained and invested in perpetuity.

Restricted net position - expendable - are noncapital assets that must be used for a particular purpose as specified by laws, creditors, grantors or donors external to the University, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted - is the net amount of the assets, deferred outflows of resources, and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

O. Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) interest on student loans.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as State appropriations and investment income, that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The State of Illinois General Revenue Fund appropriations are reported as nonoperating revenues to the extent that they are expended during the current fiscal year. The University relies on these appropriations to provide funding for operations.

P. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, State or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees and housing for the year ended June 30, 2015 were $21,514,390 and $7,450,259, respectively.

Q. Collections

The University has collections of rare manuscripts and art that it does not depreciate. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research, (b) protect, keep unencumbered, care for and preserve them, and (c) require proceeds from their sale to be used to acquire other collection items.

R. Endowments

On June 30, 2009, the Illinois Governor signed the Uniform Prudent Management of Institutional Funds Act (UPMIFA) into law. UPMIFA replaced the Uniform Management of Institutional Funds Act and eliminates the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standard for the management and investment of charitable funds. The Foundation Board utilizes UPMIFA's provisions in spending decisions regarding the Foundation's endowment funds.

For donor restricted endowments, the UPMIFA permits the Board of Directors of the Foundation to appropriate an amount of donor restricted endowments. The Board of Directors has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. A similar strategy has been implemented for Foundation designated endowments.

For both donor restricted endowments and Foundation designated endowments, it is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to meet budgetary requirements and to maintain a spending rate, currently established at 4.25% for endowment purposes and 1.25% for operational purposes, of a 36-month moving average of endowment market value, which ensures a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. The Foundation's policy is to retain the endowments' unrealized appreciation with the endowment (either donor restricted or Foundation designated) after spending rule distributions. As of June 30, 2015, the Foundation had a total of $7,315,547 of net cumulative appreciation from investment of donor-restricted endowments and Foundation designated endowments available for expenditure. This amount is allocated between expendable restricted net position and unrestricted net position in the Statement of Net Position based on the classification of the underlying asset upon which the income was earned.

S. Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of irrevocable charitable remainder trusts and irrevocable charitable trusts for which the Foundation is a beneficiary. The fair value of the trust assets are reported in the Statement of Net Position and changes in the fair value of the assets are recognized in the Statement of Revenues, Expenses and Changes in Net Position. It is management's intent to record the contribution income from these agreements in the fiscal year the Foundation becomes the irrevocable beneficiary. The Foundation received $926,697 of new contribution income during Fiscal Year 2015. Any outstanding liabilities relating to the annual distributions required by the trust agreements are recorded in the Statement of Net Position.

T. Income Taxes

As a State institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

U. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deduction from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purpose of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

V. New Accounting Pronouncements

Effective July 1, 2014, the University adopted the following accounting pronouncements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27*, which revised existing guidance for financial reporting of pension plans of state and local governments.

- GASB Statement No. 69, *Government Combinations and Disposals of Government*

Operations, establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement effects accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date–an amendment of GASB Statement No. 68*. This Statement amends Statement No. 68, which revised existing guidance for financial reporting of pension plans of state and local governments in regards to contributions to defined benefit plans.

The implementation of GASB Statement Nos. 68 and 71 resulted in a prior period adjustment to net position in order to record the deferred outflows of resources related to pension payments not yet realized. The implementation of GASB Statement Nos. 69 and 70 had no significant impact on the University's financial statements.

NOTE 2 - DEPOSITS

University

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Illinois; bonds of any city, county, school district or special road district of the State of Illinois; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At June 30, 2015, the book balance of various University bank accounts and certificates of deposit was $133,143, while the bank balance was $269,012. The difference between these amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2015.

Foundation

At June 30, 2015, the book balance of the Foundation's various bank accounts was $3,236,658, while the bank balance was $3,190,590. The difference between these amounts primarily represents checks that have been issued, but have not yet cleared the bank, and deposits in transit as of June 30, 2015.

Reconciliation of cash and cash equivalents to deposits:

	University	Foundation
Cash and cash equivalents	$ 63,207,905	$ 3,331,851
Cash and cash equivalents, restricted	126,109	–
Less: Money market funds classified as cash and cash equivalents	(63,138,369)	(95,193)
Cash on hand	(62,502)	–
Carrying amount of deposits	$ 133,143	$ 3,236,658

NOTE 3 - INVESTMENTS

University

The University held no investments as of June 30, 2015.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution's failure, a government's deposits, investments or collateral securities that are in the possession of an outside party may not be returned to it. The University's policy for custodial credit risk requires compliance with the provisions of State law.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy limits maturity of its investments to five years or less from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The University's policy limits its investments to the Illinois Funds investment pool, United States Treasury bills, United States Treasury notes, United States Treasury bonds, Federal Farm Credit Banks bonds, Federal Home Loan Banks notes, Federal National Mortgage Association, Federal Land Bank bonds, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation.

Foundation

At June 30, 2015, the Foundation held investments with the following maturities:

		Maturities in Years			
Type	Total Fair Value	Less Than One Year or No Maturity	1-5 Years	6-10 Years	Over 10 Years
U.S. Treasury notes	$ 116,040	$ –	$ –	$ 116,040	$ –
U.S. Treasury bonds	78,652	–	–	–	78,652
U.S. agency obligations (FHLM, FNMA)	86,507	–	56,017	30,490	–
Municipal bonds	564,582	–	275,528	220,177	68,877
Corporate debt securities	3,214,734	249,029	2,005,551	960,154	–
Corporate equity securities	59,139	58,324	815	–	–
International equity securities	1,432,946	1,432,946	–	–	–
Cash equivalents held in investment pools	1,692,662	1,692,662	–	–	–
Real asset tax-exempt	2,301,139	–	697,891	868,320	734,928
Real assets exchange traded funds	2,308,313	2,308,313	–	–	–
Absolute return	8,416,071	8,416,071	–	–	–
Mutual funds, international equity	8,340,933	8,340,933	–	–	–
Mutual funds, domestic equity	8,232,352	8,232,352	–	–	–
Mutual funds, international debt	1,916,752	1,916,752	–	–	–
Open ended mutual funds, U.S. debt	6,770,065	6,770,065	–	–	–
Private equity	3,100,310	–	160,844	1,412,950	1,526,516
Certificates of deposit	1,502,652	1,001,160	501,492	–	–
Total investments	$ 50,133,849	$ 40,418,607	$ 3,698,138	$ 3,608,131	$2,408,973

The Foundation adheres to the total return concepts of investment management. Total return is defined as the aggregate sum of current income and changes in the market value of the assets under management.

Custodial Credit Risk

Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the Foundation would not be able to recover the value of deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation and Security Investor Protection Corporation insured the account balance of $3,198,491 as of June 30, 2015. Illinois Funds are in the custody of the State Treasurer and are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act (15 ILCS 520/11). See http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx for information on the Illinois Funds. The Foundation's deposits in other institutions' money market funds are subject to the Funds' collateralization and investment policies.

Concentration Risk

Concentration risk exists when a significant portion of the portfolio is invested in items with similar characteristics or subject to similar economic, political or other conditions. As of June 30, 2015, the Foundation has two single user investments that each represent over 5% of the total assets of the Foundation. Foundation management believes these concentration risks represented below are not excessive when considering the overall diversification of the entire investment portfolio. The following issuers hold more than 5% of total Foundation assets as of June 30, 2015:

Vanguard Total Stock Market Index	$ 4,268,754	6.9%
Mercer Hedge Fund Investors SPC	8,416,071	13.7%

Interest Rate Risk

Interest rate risk is the risk when there is a possibility that changes in interest rates could adversely affect an investment's value. The Foundation does not have a policy that specifically addresses interest rate risk. The Foundation had the following assets, at fair values, exposed to interest rate risk at June 30, 2015:

U.S. Treasury notes	$ 116,040
U.S. Treasury bonds	78,652
U.S. agency obligations (FHLM, FNMA)	86,507
Municipal bonds	564,582
Corporate debt securities	3,214,734
Cash equivalents held in investment pools	1,692,662
Mutual funds, international debt	1,916,752
Open ended mutual funds, U. S. debt	6,770,065
Certificates of deposit	1,502,652
Sub-total investments	15,942,646
Demand deposit interest bearing funds	2,947,679
Illinois Funds money market funds	95,193
Sub-total cash and cash equivalents	3,042,872
Total assets subject to interest rate risk	$ 18,985,518

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Foundation's short-term investments generally are not exposed to foreign currency risk.

The Foundation's investments in international stock and mutual funds represent 19.5% of the total Foundation investments as of June 30, 2015. The Foundation does not have a policy on foreign currency risk. The U.S. dollar balances of the Foundation's investment exposed to foreign currency risk as of June 30, 2015 are listed below.

Currency	*United States Dollar Equivalent*
Euro	$ 1,934,636
United Kingdom British Pound	1,665,439
Japanese Yen	1,415,731
Swiss Franc	823,925
Yuan Renminbi (China)	610,226
Other currencies, individually less than 1% of fund portfolio	3,300,995
Total	$ 9,750,952

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Credit quality ratings are not required for U.S. government securities that are explicitly guaranteed by the U.S. government.

At June 30, 2015, the Foundation had the following investments and their ratings:

Credit Rating per Standard and Poor's

	Total Fair Value	U.S. Treasury Notes	U.S. Treasury Bonds	U.S. Agency Obligations (FHLM, FNMA)	Corporate Debt Securities	Municipal Bonds
AAA	$ 194,692	$ 116,040	$ 78,652	$ –	$ –	$ –
BBB+	68,433	–	–	–	68,433	–
Not Rated	3,797,390	–	–	86,507	3,146,301	564,582
	$ 4,060,515	$ 116,040	$ 78,652	$ 86,507	$ 3,214,734	$ 564,582

Credit Rating per Moody's

	Total Fair Value	U.S. Treasury Notes	U.S. Treasury Bonds	U.S. Agency Obligations (FHLM, FNMA)	Corporate Debt Securities	Municipal Bonds
Aaa	$ 324,633	$ 116,040	$ 78,652	$ 86,507	$ –	$ 43,434
Aa1	99,405	–	–	–	78,105	21,300
Aa2	112,923	–	–	–	91,703	21,220
Aa3	151,052	–	–	–	151,052	–
A1	182,288	–	–	–	90,154	92,134
A2	298,724	–	–	–	298,724	–
A3	327,266	–	–	–	200,716	126,550
B1	25,223	–	–	–	25,223	–
Baa1	368,535	–	–	–	368,535	–
Baa2	246,534	–	–	–	246,534	–
Baa3	89,386	–	–	–	89,386	–
Not Rated	1,834,546	–	–	–	1,574,602	259,944
	$ 4,060,515	$ 116,040	$ 78,652	$ 86,507	$ 3,214,734	$ 564,582

Summary of Carrying Values

The carrying values of cash and cash equivalents shown on previous pages are included in the Statement of Net Position as follows:

	University	Foundation
Cash and cash equivalents	$ 63,207,905	$ 3,331,851
Cash and cash equivalents, restricted	126,109	–
Total	$ 63,334,014	$ 3,331,851

The carrying values of investments shown on previous pages are included in the Statement of Net Position as follows:

	University	Foundation
Current:		
Investments	$ –	$ 5,191,351
Noncurrent:		
Endowment investments	–	6,095,173
Endowment investments, restricted	–	36,953,431
Investments	–	1,893,894
Total noncurrent	–	44,942,498
Total investments	$ –	$ 50,133,849

Investment income for the year ended June 30, 2015 consisted of:

	University	Foundation
Interest, dividends, realized gains and market value changes	$ 144,469	$ 94,411

NOTE 4 - ACCOUNTS AND STUDENT LOANS RECEIVABLE

Accounts receivable are reported net of allowances for uncollectible accounts. Accounts receivable consisted of the following as of June 30, 2015:

Receivables from students	$ 11,399,451
Receivables from third parties	2,186,697
Receivables from funding agencies	1,543,647
Total gross receivables	15,129,795
Allowance for doubtful accounts	(4,555,700)
Total net receivables	$ 10,574,095

Student loans receivable totaling $2,216,728 are reported net of allowance for uncollectible loans of $490,900 at June 30, 2015.

NOTE 5 - CAPITAL ASSETS

The University capitalizes net interest costs incurred on borrowed funds during the construction of capital assets. Total interest of $4,579,989 was incurred and charged to expense during Fiscal Year 2015.

Capital asset activities for the University for the year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Non-depreciable capital assets:					
Land and land improvements	$ 3,236,432	$ 20,000	$ –	$ –	$ 3,256,432
Works of art and historical treasures	587,821	31,000	–	–	618,821
Construction in progress	45,663,433	95,106	(18,915)	(38,495,947)	7,243,677
Total non-depreciable capital assets	49,487,686	146,106	(18,915)	(38,495,947)	11,118,930
Depreciable capital assets:					
Site improvements	46,969,591	803,623	(1,668,024)	3,469,209	49,574,399
Buildings and building improvements	334,801,025	7,701,210	(2,164,068)	35,026,738	375,364,905
Equipment	78,660,449	3,194,105	(1,796,871)	–	80,057,683
Capital lease equipment	–	31,928	–	–	31,928
Total depreciable capital assets	460,431,065	11,730,866	(5,628,963)	38,495,947	505,028,915

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Less accumulated depreciation:					
Site improvements	18,825,425	1,728,228	–	–	20,553,653
Buildings and building improvements	149,727,491	12,047,814	(28,227)	–	161,747,078
Equipment	71,144,311	2,792,374	(1,753,445)	–	72,183,240
Capital lease equipment	–	9,964	–	–	9,964
Total accumulated depreciation	239,697,227	16,578,380	(1,781,672)	–	254,493,935
Total depreciable capital assets, net	220,733,838	(4,847,514)	(3,847,291)	38,495,947	250,534,980
Capital assets, net	$ 270,221,524	$ (4,701,408)	$(3,866,206)	$ –	$ 261,653,910

The FY15 capital asset activities for both site improvements and building and building improvements included prior period adjustments of capitalized construction period interest. As discussed in Note 20, the prior period adjustment, net of accumulated depreciation, totaled $2,802,095 (net decrease in capital assets).

Capital asset activities for the Foundation for the year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Land and land improvements	$ 1,105,104	$ –	$ –	$ 1,105,104

NOTE 6 - LOSSES ON BOND REFUNDING

Deferred outflows of resources included losses on bond refunding which resulted from the difference between the reacquisition price and the net carrying amount of the old debt. Total amortization for the year ended June 30, 2015 was $82,342.

NOTE 7 - UNEARNED REVENUE

Unearned revenues consist of the following as of June 30, 2015:

Tuition and fees	$ 3,291,241
Grants and contracts	1,370,527
Sales and services of educational departments	260,392
Auxiliary enterprises	261,093
Total	$ 5,183,253

NOTE 8 - NOTES PAYABLE

During the year ended June 30, 2014, the University entered into an installment purchase agreement for networking equipment with an original cost of $392,786. As of June 30, 2015, the related notes payable obligation was recorded at the present value of the future minimum installment payments, discounted using an applicable discount rate of 1.62%. Notes payable activities for the year ended June 30, 2015 were as follows:

Balance, beginning of year	$ 392,786
New notes	–
Payments	(100,090)
Balance, end of year	$ 292,696
Current Portion	$ 145,175

NOTE 9 - CAPITAL LEASES PAYABLE

The University leases equipment under capital lease purchase contracts with an imputed rate of .78% to 9.57%. The capital leases payable are secured by the equipment being financed. The scheduled maturities of the capital leases are as follows:

Year Ending	Principal	Interest	Total Payments
2016	$ 9,275	$ 320	$ 9,595
2017	3,854	80	3,934
2018	3,885	50	3,935
2019	3,915	19	3,934
2020	328	–	328
Total	$ 21,257	$ 469	$ 21,726

NOTE 10 - REVENUE BONDS PAYABLE AND SUBSEQUENT EVENT

General

At June 30, 2015, revenue bonds payable consists of Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2015, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2012, Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2010, and Western Illinois University Auxiliary Facilities System Revenue Bonds, Series 2006.

Series 2015 Bonds

On May 8, 2015, the Series 2015 Revenue Bonds were issued in the principal amount of $4,190,000. The Series 2015 bonds are due April 1, 2020, with annual principal payments ranging from $605,000 to $1,715,000 commencing on April 1, 2016 and semi-annual interest payments beginning October 1, 2015 at 1.39% to 2.03%.

Proceeds from the sale of the Series 2015 Bonds were used to provide for the current refunding of the outstanding Series 2005 Bonds in the principal amount of $4,115,000 and to pay certain expenses related to the issuance of the bonds. The total principal amount was deposited into the Series 2005 Bond Account to redeem all of the Refunded Series 2005 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Although the current refunding resulted in the recognition of an accounting loss of $26,590 for the year ended June 30, 2015, the University in effect reduced its aggregate debt service payments by $169,156 over the next 5 years and obtained an economic gain of $148,873.

Series 2012 Bonds

On April 19, 2012, the Series 2012 Revenue Bonds were issued in the principal amount of $33,520,000. The Series 2012 bonds are due April 1, 2032, with annual principal payments ranging from $1,290,000 to $3,130,000 commencing on April 1, 2013 and semi-annual interest payments beginning April 1, 2013 at 3.00% to 4.20%.

Proceeds from the sale of the Series 2012 Bonds were used to finance capital improvements to Thompson Hall and the University Union. In addition, a portion of the proceeds from the Series 2012 Bonds were used to provide for the advance refunding of the outstanding Series 2002 Bonds in the principal amount of $7,890,000. The total principal amount was deposited into the Series 2002 Refunding Fund to redeem all of the Refunded Series 2002 bonds on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2002 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position.

Series 2010 Bonds

On August 5, 2010, the Series 2010 Revenue Bonds (Build America Bonds) were issued in the principal amount of $25,510,000. The Series 2010 bonds are due April 1, 2033, with annual principal payments ranging from $1,120,000 to $2,010,000 commencing on April 1, 2017 and semi-annual interest payments beginning April 1, 2011 at 4.35% to 6.60%.

Proceeds from the sale of the Series 2010 Bonds were used to finance capital improvement renovations to Corbin and Olson Residence Halls including the Commons Dining Center.

Series 2006 Bonds

On March 9, 2006, the Series 2006 Bonds were issued in the principal amount of $15,250,000. The Series 2006 Bonds are due April 1, 2027, with annual principal payments ranging from $265,000 to $1,170,000 commencing April 1, 2009 and semi-annual interest payments beginning October 1, 2006 at 3.5% to 4.5%.

Proceeds from the sale of the Series 2006 Bonds were used to install fire sprinkler systems in residence hall facilities and graduate and family apartments and to construct an expansion to the Donald S. Spencer Student Recreation Center. In addition, proceeds from the sales of the Series 2006 Bonds, together with other funds of the University, were used to provide for the advance refunding of a portion of the Series 1999 Bonds and to pay certain expenses related to the issuance of the bonds. A portion of bond proceeds plus funds provided by the University were deposited in an irrevocable trust with an escrow agent to provide for a portion of the debt service payments on the 1999 Series Bonds. As a result, a portion of the Series 1999 Bonds are considered defeased and the liability for that portion of the bonds has been removed from the University's Statement of Net Position. The Series 1999 Bonds were retired on April 1, 2009.

Series 2005 Bonds - Refunded with the Series 2015 Bonds

On February 16, 2005, the Series 2005 Bonds were issued in the principal amount of $25,715,000. The Series 2005 Bonds were due April 1, 2020, with annual principal payments ranging from $580,000 to $2,845,000 commencing April 1, 2006 and semi-annual interest payments beginning October 1, 2005 at 3.00% to 4.25%.

Proceeds from the sale of the Series 2005 Bonds, together with other funds of the University, were used to provide for the advance refunding of a portion of the Series 1993 Bonds and the Series 1995 Bonds and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 and 1995 Series Bonds. As a result, the 1993 and 1995 Series Bonds are considered defeased and the liability for those bonds has been removed from the University's Statement of Net Position.

The Series 2005 Bonds with outstanding principal in the amount of $4,115,000 were refunded in Fiscal Year 2015.

Subsequent Event

On October 26, 2015, Moody's Investors Service downgraded the University's ratings to "Baa3" from "Baa1" on its Auxiliary Facilities System Revenue Bonds Series 2006 and concluded its review for possible downgrade. The rating action affected approximately $10.5 million of the University's Auxiliary Facilities System Revenue Bonds.

Advance Refunded Bonds

Certain revenue bonds of the University have been defeased in prior years through advance refunding and, accordingly, have been accounted for as if they were retired. The principal amount of advance refunded bonds was fully paid.

Debt Service Activity Requirements and Collateral

Following is a schedule depicting Revenue Bonds Payable activities for the year ended June 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Series 2005 Bonds	$ 5,700,000	$ –	$ (5,700,000)	$ –	$ –
Series 2006 Bonds	11,320,000	–	(815,000)	10,505,000	845,000
Series 2010 Bonds	25,510,000	–	–	25,510,000	–
Series 2012 Bonds	30,325,000	–	(1,640,000)	28,685,000	1,705,000
Series 2015 Bonds	–	4,190,000	–	4,190,000	1,710,000
Unamortized premium	496,199	–	(171,187)	325,012	127,759
Unamortized discount	(70,749)	–	9,961	(60,788)	(10,110)
	$ 73,280,450	$ 4,190,000	$ (8,316,226)	$ 69,154,224	$ 4,377,649

Aggregate maturities of the bonds outstanding as of June 30, 2015 are as follows:

	Principal	Interest
2016	$ 4,260,000	$ 3,101,918
2017	4,370,000	2,983,260
2018	4,525,000	2,819,000
2019	4,675,000	2,643,089
2020	4,845,000	2,457,343
2021-2025	19,910,000	9,508,168
2026-2030	16,980,000	5,235,795
2031-2033	9,325,000	998,043
	68,890,000	29,746,616
Unamortized premium	325,012	–
Unamortized discount	(60,788)	–
	$ 69,154,224	$ 29,746,616

None of the bonds described above constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by: a) the net revenues of the Western Illinois University Auxiliary Facilities System, b) certain pledged student fees, and c) a pledge of student tuition. Maximum annual debt service as defined for all outstanding revenue bonds is $7,361,918. The estimated debt service coverage ratio based on revenues generated from operations is 1.71. The future pledged revenues for principal and interest in Fiscal Year 2015 are $98,636,616. Pledged revenue coverage is 13.15 in Fiscal Year 2015. Pledged revenues have a term of commitment through 2033.

NOTE 11 - CERTIFICATES OF PARTICIPATION PAYABLE AND SUBSEQUENT EVENT

General

At June 30, 2015, certificates of participation consist of Western Illinois University Series 2011 Certificates of Participation, Western Illinois University Series 2010 Certificates of Participation and Western Illinois University Series 2005 Certificates of Participation.

Series 2011 Certificates of Participation

On March 30, 2011, the Series 2011 Certificates of Participation were issued in the principal amount of $11,775,000. The Series 2011 Certificates of Participation are due October 1, 2025 with annual principal payments ranging from $600,000 to $1,060,000 commencing October 1, 2011 and semi-annual interest payments beginning October 1, 2011 at 2.50% to 5.37%.

Proceeds from the sale of the Series 2011 Certificates of Participation were used to finance capital improvements projects to several campus buildings as well as Phase II of the campus steam line replacement plan.

Series 2010 Certificates of Participation

On March 11, 2010, the Series 2010 Certificates of Participation were issued in the principal amount of $11,585,000. The Series 2010 Certificates of Participation are due October 1, 2029 with annual principal payments ranging from $415,000 to $825,000 commencing October 1, 2010 and semi-annual interest payments beginning October 1, 2010 at 1.30% to 6.37%.

Proceeds from the sale of the Series 2010 Certificates of Participation were used to finance heating plant capital improvements and steam line replacements. Additionally, proceeds from the sale will reimburse the University for a portion of the cost of the sprinkler system installation in Thompson and Tanner Halls.

Series 2005 Certificates of Participation

On December 7, 2005, the Series 2005 Certificates of Participation (Capital Improvement Projects) were issued in the principal amount of $10,290,000. The Series 2005 Certificates of Participation are due October 1, 2025 with annual principal payments ranging from $400,000 to $805,000 commencing October 1, 2008 and semi-annual interest payments beginning April 1, 2006 at 3.3% to 4.50%.

Proceeds from the sale of the Series 2005 Certificates of Participation were used to renovate the student section of the football stadium, to construct a new multicultural center, and to construct a combination Document and Publication Services and Property Accounting and Redistribution Center. In addition, Series 2005 proceeds were used to pay the costs of issuing the Series 2005 Certificates of Participation.

Subsequent Event

Subsequent to year end, on July 14, 2015, the University issued the Series 2015 Certificates of Participation in the principal amount of $15,100,000. The Series 2015 Certificates of Participation are due October 1, 2024 with annual principal payments ranging from $1,470,000 to $1,890,000 commencing October 1, 2016 and semi-annual interest payments beginning October 1, 2016 at 3.00% to 5.00%.

Proceeds from the sale of the Series 2015 Certificates of Participation were used to provide for the current refunding of the outstanding Series 2005 Certificates of Participation in the principal amount of $7,160,000, the advance refunding of the outstanding Series 2011 Certificates of Participation in the principal amount of $9,265,000, and to pay certain expenses related to the issuance of the bonds. The net proceeds plus funds provided by the University were deposited into the Series 2005 Installment Payment Fund and the 2011 Installment Payment Fund to redeem all of the Refunded Series 2005 and 2011 Certificates of Participation on their redemption date at a price equal to the principal amount thereof. As a result, the Series 2005 and 2011 Certificates of Participation are considered defeased subsequent to year end.

Although the refunding resulted in the recognition of an accounting loss of $598,240, the University in effect reduced its aggregate debt service payments by $1,474,172 over the next 10 years and obtained an economic gain of $935,187.

Debt Service Activity Requirements and Collateral

Following is a schedule depicting Certificates of Participation activities for the year ended June 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Series 2005	$ 7,660,000	$ –	$ (500,000)	$ 7,160,000	$ 520,000
Series 2010	9,830,000	–	(465,000)	9,365,000	475,000
Series 2011	9,920,000	–	(655,000)	9,265,000	675,000
Unamortized discount	(25,248)	–	4,438	(20,810)	(3,823)
	$ 27,384,752	$ –	$ 1,615,562	$ 25,769,190	$ 1,666,177

Aggregate maturities of the certificates of participation outstanding as of June 30, 2015 are as follows:

	Principal	Interest
2016	$ 1,670,000	$ 1,221,826
2017	1,730,000	1,156,861
2018	1,795,000	1,085,534
2019	1,870,000	1,007,616
2020	1,950,000	922,554
2021-2025	11,140,000	3,092,684
2026-2030	5,635,000	663,813
	25,790,000	9,150,888
Unamortized discount	(20,810)	–
	$ 25,769,190	$ 9,150,888

The Certificates of Participation described above do not constitute obligations of either the State of Illinois or the Board of Trustees of Western Illinois University, but together with interest thereon, are payable solely from and are collateralized by lawful appropriations by the General Assembly for such purposes and legally available nonappropriated funds on an annual basis.

NOTE 12 - COMPENSATED ABSENCES

Vacation pay earned but not taken may be accumulated up to a specified maximum from 24 to 56 work days, and received as a lump sum payment upon termination. At June 30, 2015, such accumulated benefits totaled $8,457,251.

Administrative and faculty unused sick leave may be accumulated up to a specified maximum, generally 360 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. One-half of any unused sick leave earned from January 1, 1984 and prior to January 1, 1998 can be received as a lump sum payment upon termination. At June 30, 2015, such accumulated benefits totaled $3,759,734. Compensated absences activity for the year ended June 30, 2015 was as follows:

Balance, beginning of year	$ 12,546,682
Deductions	(329,697)
Balance, end of year	12,216,985
Less: current portion	(1,818,347)
Balance, end of year - noncurrent portion	$ 10,398,638

NOTE 13 - DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plan

Plan Description

The University contributes to the State Universities Retirement System of Illinois (SURS or the System), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes.* SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for Fiscal Year 2014 and 2015 respectively, was 11.91% and 11.71% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability

At June 30, 2014, SURS reported a net pension liability (NPL) of $21,790,983,139. The net pension liability was measured as of June 30, 2013.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the University is $0. The proportionate share of the State's net pension liability associated with the University is $586,649,047 or 2.69%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2014.

Pension Expense

At June 30, 2014 SURS reported a collective net pension expense of $1,650,338,263.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during Fiscal Year 2014. As a result, the University recognized on-behalf revenue and pension expense of $44,429,816 for the fiscal year ended June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred outflows of resources are the consumption of net position by the System that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ –	$ –
Changes in assumption	88,940,815	–
Net difference between projected and actual earnings on pension plan investments	–	1,271,105,952
Total	$ 88,940,815	$ 1,271,105,952

Employer Deferral of Fiscal Year 2015 Pension Expense

The University paid $329,255 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as deferred outflows of resources as of June 30, 2015.

Assumptions and Other Inputs

Actuarial assumptions

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 - 2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term
U.S. equity	31%	7.65%
Private equity	6%	8.65%
Non-U.S. equity	21%	7.85%
Global equity	8%	7.90%
Fixed income	19%	2.50%
Treasury-inflation protected securities	4%	2.30%
Real estate	6%	6.20%
REITS	4%	6.20%
Opportunity fund	1%	2.50%
Total	100%	5.00%
Inflation		2.75%
Expected geometrical normal return		7.75%

Discount Rate

A single discount rate of 7.09% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.29% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
$ 26,583,701,134	$ 21,790,983,139	$ 17,796,570,836

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000.

Public Act 97-0695, effective July 1, 2012, altered the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act. This act requires the Director of Central Management Services to, on an annual basis, determine the amount that the State should contribute. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor, or retired employee. These costs were to be assessed beginning July 1, 2013. However, four putative class actions were filed challenging the validity of this legislation under, among other things, the pension protection clause of the Illinois Constitution of 1970. The four class actions were consolidated in the circuit court of Sangamon County. The circuit court dismissed each of them for failure to state a cause of action, without certifying any classes. The Illinois Supreme Court allowed direct appeal. In July of 2014, the Illinois Supreme Court ruled that state retiree health care benefits are protected by the State constitution. The case then reverted to the Circuit Court for further proceedings. As a result, on August 28, 2014, the Sangamon County Circuit Court ordered the State to stop deducting monthly percentage-of-annuity health care premiums from annuity checks of State retirees and survivors enrolled in the State of Illinois Group Health Insurance Plan. The refunding of premiums paid since July 2013 were made during Fiscal Year 2015.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

NOTE 15 - INSURANCE

The University participates in the State University Risk Management Association (SURMA), a self-insurance pool. Through its participation in the Illinois Public Higher Education Cooperative (IPHEC), the University has contracted with commercial carriers to provide various insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a $250,000 to $350,000 deductible per occurrence. SURMA member schools may request reimbursement for claim related expenses from SURMA funds. Additionally, the University purchases property insurance coverage for the replacement value of University real property and contents. Settled claims have not exceeded commercial coverage in any of the three preceding years.

NOTE 16 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the year ended June 30, 2015, for the University are summarized as follows:

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 60,824,146	$ 3,162,750	$ –	$ –	$ 63,986,896
Research	2,780,315	715,807	–	–	3,496,122
Public service	7,238,409	3,751,597	–	–	10,990,006
Academic support	13,292,739	4,009,310	–	–	17,302,049
Student services	11,387,634	10,957,839	–	–	22,345,473
Institutional support	10,962,163	3,441,752	–	–	14,403,915
Operation and maintenance of plant	9,249,094	8,606,794	–	–	17,855,888
Student aid expense	–	–	12,255,127	–	12,255,127
Auxiliary enterprises	15,234,729	25,267,899	–	–	40,502,628
Staff benefits	7,661,259	–	–	–	7,661,259
Depreciation	–	–	–	16,573,123	16,573,123
On-behalf payments	81,503,276	–	–	–	81,503,276
Other operating expenses	–	347,381	–	–	347,381
Total	$ 220,133,764	$ 60,261,129	$ 12,255,127	$ 16,573,123	$ 309,223,143

NOTE 17 - CONTRACT WITH WESTERN ILLINOIS UNIVERSITY FOUNDATION

The University has a contract with the Western Illinois University Foundation in which the Foundation has agreed to aid and assist the University in achieving its educational, research, and service goals by developing and administering its gifts. These gifts received by the Foundation are to be used for the benefit of the University in its scholarship, loan, grant and other supporting programs. The University agreed, as part of this contract, to furnish certain services necessary to the operation of the Foundation.

For Fiscal Year 2015, the Foundation did not specifically reimburse the University for $1,677,045 of personal service costs, facility use and other costs provided by the University. However, the Foundation gave the University $3,992,273 for Fiscal Year 2015, in totally unrestricted funds or funds restricted as to department but generally available for on-going University operations.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Claims and Litigation

The University is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The University administration believes that ultimate disposition of the actions will not have a material effect on the financial statements of the University.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and State governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursements of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

The University implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27.* This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, the University adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.* This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

As discussed in Note 20 to the financial statements, in implementing these pronouncements, the University reported an effect of a change in accounting principle which adjusted the beginning net position as of July 1, 2014, to record pension contributions previously expensed by the University.

NOTE 20 - PRIOR PERIOD ADJUSTMENTS

As discussed in Note 1. V. and Note 19, the University restated its net position balance in Fiscal Year 2014 from $216.0 million to $213.5 million due to the following:

A. To reflect pension contribution payments by the University in accordance with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions– an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This adjustment increased net position (unrestricted) by $305,959.

B. To reflect the cumulative effect of the adjustment on capitalized construction period interest. This adjustment decreased net position (net investment in capital assets) by $2,802,095.

A reconciliation of net position reported in prior period financial statements and as restated follows:

Net position, beginning of year, as previously reported	$ 215,952,340
Cumulative effect of change in accounting principle	305,959
Cumulative effect of correction of error	(2,802,095)
Net position, beginning of year, as restated	$ 213,456,204

NOTE 21 - COMPARABILITY OF FINANCIAL STATEMENTS

The Fiscal Year 2014 balances in the accompanying financial statements have not been restated for the adoption of GASB Statement Nos. 68 and 71. As such, the Fiscal Year 2014 information are not fully comparable to the Fiscal Year 2015. Differences include:

A. In Fiscal Year 2015, employer contributions to the State University Retirement System (SURS) have been reported as deferred outflows of resources. However, in Fiscal Year 2014, such payments were expensed.

B. In Fiscal Year 2015, the University recognized on-behalf retirement payments (revenue and expense) related to the University's proportionate share of the Fiscal Year 2014 pension expense recognized by the State in accordance with GASB Statement No. 68. In Fiscal Year 2014 and previous years, the University recognized on-behalf retirement payments (revenue and expense) to the extent of contributions the State made to SURS on behalf of the University's employees in those fiscal years.

NOTE 22 - SUBSEQUENT EVENTS

The State of Illinois has not adopted a complete Fiscal Year 2016 operating budget as of the date of this report, December 18, 2015. The University is part of the executive branch of the government and operates under a budget approved by the State of Illinois, in which resources are appropriated for the use of the University. The amount and timing of final appropriations may necessitate spending reductions in the future.

State of Illinois
Western Illinois University
Required Supplementary Information - Pension (Unaudited)
For the Year Ended June 30, 2015

		FY 2015
(a) Proportion percentage of the collective net pension liability		0%
(b) Proportion amount of the collective net pension liability	$	-
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer		586,649,047
Total (b) + (c)	$	586,649,047
Employer covered-employee payroll	$	120,574,096
Proportion of collective net pension liability associated with employer as a percentage of covered-employee payroll		486.55%
SURS plan net position as a percentage of total pension liability		44.39%
Federal, trust, grant, and other contribution	$	329,255
Contribution in relation to required contribution		329,255
Contribution deficiency (excess)		-
Employer covered-employee payroll	$	120,574,096
Contributions as a percentage of covered-employee payroll		0.27%

*Note: SURS implemented GASB Statement No. 68 in Fiscal Year 2015. The information above is presented for as many years as available. This schedule is intended to show information for 10 years.

State of Illinois
Western Illinois University
Notes to the Required Supplementary Information - Pension (Unaudited)
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT CHANGES

A. Changes of Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

B. Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

and

The Board of Trustees
Western Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

University's Response to the Finding

The University's response to the finding identified in our audit is described in the accompanying schedule of findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

E. C. Ortiz & Co., LLP

Chicago, Illinois
December 18, 2015

State of Illinois
Western Illinois University
Schedule of Findings
June 30, 2015

Current Finding - *Government Auditing Standards*

2015-001 - Inadequate Controls Over Journal Entries

Western Illinois University (University) did not have adequate controls over its journal entries. Effective policies and procedures were not in place to ensure that all journal entries were appropriate, properly prepared, and timely approved.

The University used the Financial Records System (FRS) to initiate and process financial information and facilitate its financial reporting. A total number of 4,052 journal entry batches were recorded into the FRS through the use of journal entries. These entries were both prepared and posted by the respective Accountants in-charge of specific accounts in the Business and Financial Services Department.

In the prior audit, the formal journal entry review and approval policies and procedures adopted by the University required review and approval of all journal entries of $100,000 or more. Further, some journal entries lacked support, independent review, and/or approval. The University responded it would review its policy and procedures for processing, reviewing, and approving journal entries and consider policy revisions to strengthen controls.

Effective July 1, 2014, the University adopted a revised journal entry approval policy, which defined when approval is required for processing journal entries. We tested a sample of Fiscal Year (FY) 2015 journal entries and did not note any entries which lacked supporting documentation, nor entries over the University's review threshold which lacked approval. However, we did note the following exceptions during the FY 2015 audit period:

- The revised policy effective in FY 2015 eliminated the review of all recurring journal entries. Although the revised policy stated mitigating controls were in place with respect to recurring journal entries, the University did not adequately document the specific controls management had identified to support the assessment of not having these types of transactions reviewed and approved during the journal entry process.

- The revised policy lacked monitoring procedures to ensure the recurring journal entry process and system controls are periodically evaluated to ensure the integrity of the financial data being reported and to reassess the design and operating effectiveness of these controls over time. All recurring journal entries (2,647 journal entry batches) recorded in FY 2015 totaled over $413.9 million.

- During our review of 40 batches of journal entries (73 journal entries), we noted that there was no independent review and/or approval performed on four (10%) non-routine journal entries totaling $105,383. Individual entries within these batches were below the $100,000 threshold, and therefore in accordance with the University policy

Current Finding - *Government Auditing Standards* (Continued)

2015-001 - Inadequate Controls Over Journal Entries (Continued)

in effect at that time. Non-routine entries (1,283 journal entry batches) totaling over $9.6 million were not required to be reviewed during FY 2015 because they were below the approval threshold.

- The process in place still allows all journal entries to be both prepared and posted by the same individual.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies establish internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable law; and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Also, sound internal controls require all journal entries, including nonstandard/non-routine entries, to be properly prepared, and be reviewed and approved independently, to prevent errors and fraud.

University management stated that the updated journal entry policy effective July 1, 2014, was intended to satisfy the statute, and strengthen internal controls, given the limited resources available at the University.

The lack of effective controls over journal entries increases the risk of incorrect or unauthorized adjustments posted to the general ledger, which may cause material misstatements to the financial statements. Inadequate journal entry policies and procedures could result in a lack of accountability over the processing of accounting transactions. (Finding Code Nos. 2015-001, 2014-001, and 2013-001)

Recommendation

We recommend the University develop effective policies and procedures that will strengthen controls over the journal entry review and approval process to ensure all journal entries are complete, accurate, and independently approved in a timely manner. Further, monitoring procedures should also be established to periodically monitor and evaluate the journal entry process and system controls to ensure functions and controls operate as intended.

State of Illinois
Western Illinois University
Schedule of Findings
June 30, 2015

Current Finding - *Government Auditing Standards* (Continued)

2015-001 - Inadequate Controls Over Journal Entries (Continued)

University Response

The University agrees with the finding. Subsequent to Fiscal Year 2015, the University amended the policy to ensure approval for all non-recurring entries, regardless of magnitude. For all recurring entries, the University intends to document, assess, and monitor internal controls with regards to these types of entries, by the means of a formal risk assessment. The University is currently reviewing its options for a more automated system, which would preclude posting of entries in the absence of an approval.

State of Illinois
Western Illinois University
Prior Finding Not Repeated
For the Year Ended June 30, 2015

A. Inaccurate Recording of Transactions

In the prior audit, Western Illinois University did not properly record certain transactions by capitalizing interest on capital projects already completed.

Status: Not repeated
In the current audit, the University has reviewed its calculation of capitalized interest and appropriate adjustments were made to correct prior year errors. (Finding Code No. 2014-002)